

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 FRB-01 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 SIL-01 DODE-00 PA-02

USIA-15 PRS-01 SAJ-01 CU-04 /101 W

----- 033817

R 131724Z JUN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0749

INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION GENEVA

AMEMBASSY BERLIN

AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

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E.O. 11652: N/A

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TAGS: ELAB, GW

SUBJECT: FRG UNEMPLOYMENT REMAINS ABOVE 1 MILLION

REF: BONN 09422, BONN A-214

L. SUMMARY: UNEMPLOYMENT DECLINED SLIGHTLY IN MAY, BUT 1 017 800 WORKERS, 4.4 PERCENT OF THE LABOR FORCE, REMAINED JOBLESS. THE FEDERAL EMPLOYMENT SERVICE ATTRIBUTED THE DECLINE SOLELY TO SEASONAL FACTORS AND FOUND "NO INDICATIONS OF AN EARLY ECONOMIC UPSWING." THE NUMBER OF WORKERS ON SHORT-TIME INCREASED TO 921 800, AND THERE WERE ONLY 2 500 NEW JOB VACANCIES, BRINGING THE TOTAL TO 264 300. THE FEDERAL EMPLOYMENT SERVICE ABANDONED THE PRACTICE OF PUBLISHING SEASONALLY ADJUSTED FIGURES WHICH SHOWED A STEADY INCREASE IN UNEMPLOYMENT AND WHICH HAD BECOME THE SOURCE OF CONSIDERABLE POLITICAL CONTROVERSY IN RECENT MONTHS. END SUMMARY.

2. UNEMPLOYMENT STATISTICS FOR MAY CONTINUE TO BE DISAPPOINTING SINCE SPRING HAS NOT BEEN ACCOMPANIED BY EXPECTED IMPROVEMENTS IN THE LABOR MARKET. THE NUMBER OF UNEMPLOYED DECLINED BY 70 000 TO REACH 1 017 800, 4.4 PERCENT OF THE LABOR FORCE. BUT THE NUMBER OF WORKERS ON SHORT-TIME INCREASED BY 22 200 TO REACH 921 800. THE NUMBER OF JOB OPENINGS INCREASED BY ONLY 2 500 AND NOW STANDS AT 264 300. UNEMPLOYMENT RATE FOR FOREIGN WORKERS WAS 6.9 PERCENT. AS EXPECTED, UNEMPLOYMENT DECREASED MOST SHARPLY IN THE CONSTRUCTION INDUSTRY.

3. THE SLIGHT IMPROVEMENT, ATTRIBUTED SOLELY TO SEASONAL FACTORS, WAS SMALLER THAN EXPECTED. JOSEF STINGL, PRESIDENT OF THE FEDERAL EMPLOYMENT SERVICE, NOTED THAT THE 3 PERCENT DECLINE IN UNEMPLOYMENT BETWEEN APRIL AND MAY WAS "EXCEPTIONALLY LOW" AND PREDICTED THAT THE AVERAGE UNEMPLOYMENT FIGURE FOR THE YEAR WOULD NOT DROP BELOW 900 000.

4. LAST MONTH THE FEDERAL LABOR SERVICE ABANDONED THE PRACTICE OF PUBLISHING SEASONALLY ADJUSTED FIGURES.

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THESE STATISTICS WHICH HAVE FREQUENTLY BEEN USED BY THOSE CRITICAL OF THE CURRENT GOVERNMENT POLICY, INCLUDING CDU/CSU SPOKESMAN, HAD BECOME THE

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R 131724Z JUN 75

FM AMEMBASSY BONN

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SOURCE OF CONSIDERABLE POLITICAL CONTROVERSY IN RECENT MONTHS.

5. THE CSU CHAIRMAN, FRANZ JOSEF STRAUSS, OBSERVED THAT WHEN THE JOBLESS WERE COMBINED WITH THOSE ON SHORT-TIME ALMOST 2 MILLION PEOPLE WERE AFFECTED BY UNEMPLOYMENT WHICH HE ATTRIBUTED TO THE "MISERABLE FINANCIAL AND ECONOMIC POLICY OF THE SPD/FDP COALITION SINCE 1969."

6. ALL OBSERVERS AGREE THAT GOVERNMENTAL EFFORTS TO CREATE JOBS HAVE NOT YET BORNE FRUIT.

7. IN A MEETING OF THE CONCERTED ACTION PROGRAM, A ROUND TABLE DISCUSSION GROUP COMPOSED OF REPRESENTATIVES OF INDUSTRY, BUSINESS AND GOVERNMENT, THE DGB CHARACTERIZED CONTINUING HIGH UNEMPLOYMENT AS "A GREAT DANGER FOR THE ECONOMY AND SOCIAL STABILITY" AND SAID THAT MEASURES TO REDUCE UNEMPLOYMENT AND SHORT-TIME WORK MUST HAVE THE HIGHEST PRIORITY OF ALL ECONOMIC/POLITICAL GOALS. THE DGB ALSO URGED THE BUNDESBANK TO FURTHER REDUCE THE INTEREST RATE, IF NECESSARY, IN ORDER TO STIMULATE DOMESTIC INVESTMENTS AND CONSUMPTION. BUT THE DGB ALSO WARNED THAT ATTEMPTS BY EMPLOYERS TO RAISE PRICES OR SECURE ADDITIONAL INVESTMENT INCENTIVES OR TAX REDUCTIONS MUST BE REJECTED. HOWEVER, KARL KLASSEN, BUNDESBANK PRESIDENT, CALLED FOR PATIENCE WHILE WAITING FOR ECONOMIC DEVELOPMENTS AND SAID THAT TOO MANY RECOVERY MEASURES WOULD CAUSE PRICES TO RISE.

8. HIGH UNEMPLOYMENT, A SPECIAL CONCERN OF YOUTH, IS INCREASINGLY CITED BY THE ADVOCATES OF VOCATIONAL REFORM AS A REASON FOR PASSING THE GOVERNMENT'S CURRENT VOCATIONAL EDUCATION REFORM BILL DURING THIS LEGISLATIVE PERIOD.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, GNP, ECONOMIC REPORTS, ECONOMIC DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 13 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BONN09579
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750207-0097
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750650/aaaabsty.tel
Line Count: 210
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 BONN 09422, 75 BONN A-214
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 28 FEB 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 FEB 2003 by PhilliR0>; APPROVED <12 FEB 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRG UNEMPLOYMENT REMAINS ABOVE 1 MILLION
TAGS: ELAB, GE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006